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FLORIDA PUBLIC SERVICE COMMISSION

1985-86
ANNUAL REPORT

Copies of this report can be obtained from the Florida Public Service Commission, Consumer Affairs Department, 101 E. Gaines Street, Tallahassee, Florida 32301.

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THE COMMISSIONERS

The Public Service Commission's five Commissioners are appointed to four year terms by the Governor from selections presented to him by a nominating council. Appointments are subject to confirmation by the Florida Senate. The commission was changed from an elective to an appointive board and expanded from three to five members by the 1978 Legislature.

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JOHN R. MARKS

Commissioner Marks, who is the current chairman of the commission, was appointed by Governor Graham in March of 1979. He was reappointed to a third term beginning in January, 1986. Marks, a native of Miami, is an attorney and was previously a hearing examiner with the commission.

GERALD L. GUNTER

Commissioner Gunter was appointed by Governor Askew and took office in January, 1979. He was appointed by Governor Graham to another four-year term beginning in January, 1983. Gunter has a masters degree in management and is a former city councilman of Titusville.

JOHN T. HERNDON

Commissioner Herndon was appointed by Governor Graham and took office in January, 1986. He was born in St. Petersburg and served in the Governor's Office as Chief of Planning and Budgeting and then as Chief of Staff. Herndon has a Masters Degree in Social Work from Florida State University.

KATIE NICHOLS

Commissioner Nichols was appointed by Governor Graham and took office in January, 1981. She was reappointed to a second four-year term beginning in January, 1985. Ms. Nichols became interested in utility regulation and began studying the PSC and attending the commission's hearings and meetings several years before she was appointed to the commission.

MICHAEL McK. WILSON

Commissioner Wilson was appointed by Governor Graham in July, 1985 and was reappointed to a four-year term beginning in January, 1986. Wilson, who was born in Marianna, is an attorney and formerly was Deputy Public Counsel with the Office of the Public Counsel.

RATE CASES

The commission has the responsibility to set rates which are fair and reasonable. It also is required to set rates to allow utility investors an opportunity to earn a reasonable return on their investment.

Any regulated utility can ask for a rate increase whenever the utility believes it is not earning a fair rate of return.

Any regulated utility also is subject to a full rate review if the commission's continuing surveillance program indicates the utility may be earning more than the authorized return.

In either case, the utility is required to file detailed information showing the revenue and expenses for a full 12 months. This information, as well as all other relevant data in the books and records of the utility, is thoroughly reviewed by the commission's staff of auditors, accountants, analysts, economists, attorneys and engineers. The Public Counsel, who represents customers, can participate as can any other interested party.

Public heaings are held within the utility's service area to allow customers to tell the commissioners about service problems, comment on the proposed rates or make any other statement relating to the utility's operations.

After investigation of the data filed by the utility is completed, additional public hearings are held to allow the utility to present its case to the commissioners and to allow other parties to test the vailidity of the evidence presented.

The utility is required to justify all of its expenses for the operations of the utility. An expense which the commission determines is improper or unnecessary is disallowed and is excluded from the amount the utility is allowed to collect from customers.

The commission also looks at the amount utility stockholders have invested in plants and other facilities and allows a reasonable return on the investment necessary to provide good service.

Many questions are raised in each rate case and the commission's decision on each issue must be based on the evidence presented in the hearings.

After the final order is issued, the commission's decisions can be appealed to the state's appellate court system.

THE FLORIDA PUBLIC SERVICE COMMISSION IN 1985

Local telephone rates had been expected to go up in 1985 as a result of the aftereffects of the divestiture of AT&T and increased competition in long distance calling. However, the only telephone company that filed for a rate increase wound up with a revenue decrease. Another telephone company decided not to pursue its initial efforts for a rate case filing and three other telephone companies were called before the commission for excess earnings. In addition to the local rate proceedings, a number of complex issues in the fast changing telephone industry kept the Communications Department staff working long hours throughout the year.

There was only one major electric rate case in 1985. During that case the Electric and Gas Department developed an improved approach for rate design, which the commission adopted. The department also addressed complexities in the developing field of cogeneration, worked with utilities to expand and refine annual planning requirements and improve the conservation end use date requirements. Three gas company rate cases were completed and three others were filed during the year.

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TELEPHONE RATE CASES

On March 29, 1985, Southern Bell requested calendar year 1984 as a test period for a forthcoming rate case. However, the company decided not to make a rate case filing, and the docket was closed.

ALLTEL was the only company filing a rate increase request during 1985. The company requested a $3.2 million rate increase on May 30, 1985. ALLTEL based its request on an overall cost of capital of 10.47 percent with a return on equity of 16.5 percent.

The commission ordered a net revenue reduction of $300,590 and authorized an equity return of 14.6%.

TELEPHONE OVEREARNINGS

The commission's coninuing surveillance program for utility earnings showed Central Telephone, United Telephone, and Quincy Telephone had earned in excess of the authorized rate of return for calendar year 1984. In all three cases, the over-earning was settled through stipulations without the need for a full rate case.

Central Telephone Company made a one-time refund to its customers of $6,991,000, and the commission allowed Centel's return of equity to be established within a range of 13.5 to 15.5 percent instead of its previous 12.04 to 12.54 range.

The commission initially found that United Telephone had over-earned by $10.3 million in 1984. Under the terms of a stipulation, United agreed to increase the local portion of the depreciation reserve for inside wire by $12.9 million, effective January 1, 1985. This equated to a total revenue reduction of $11.3 million considering Investment Tax Credit amortization. In addition, if United earns in excess of a 16.75 percent return on equity for 1985, the company will make a cash refund to customers for everything in excess of 16 percent.

In the Quincy Telephone case, the commission ordered the company to place $253,400 of local revenues subject to refund. Under the terms of the stipulation, Quincy increased the local portion of its depreciation reserve by $220,138, effective January 1, 1985. For calendar year 1985, if Quincy earns in excess of a 15.6 return on equity, the company agreed to again increase the local portion of the depreciation reserve. For 1986, Quincy agreed to a customer refund if the return on equity exceeded 16.4 percent.

COMPETITION IN THE TELEPHONE INDUSTRY

Long Distance Service

The commission approved the applications of 16 long distance companies to provide intrastate service either as resellers or interexchange carriers. There are now a total of 58 long distance phone companies certified to do business within the state.

Pay Telephone Service

In February, the commission decided that competition in the pay telephone industry was in the best interest of customers in Florida, and that competition should be allowed for both local and long distance calls. Upon recommendation of the commission, the law which prohibited the resale of local phone service was changed in the 1985 Legislative session and pay phone competition was in full swing.

In order to protect the public, the commission decided that anyone wanting to provide the service must receive certification and adhere to service standards, including access to emergency service, coin return capability, access to all long distance companies, directory assistance access and incoming call capability.

The commission also set a maximum charge of 25¢ for local coin phone calls and a maximum for long distance service at the AT&T day rate plus one dollar.

Over 250 pay phone providers had received certificates from the PSC before the end of the year.

Shared Tenant Services

The commission held three days of public hearings on proposed rules addressing shared tenant telephone services.

The PSC adopted a rule containing a prohibition of "provision for hire of shared telephone service within a local calling area by anyone other than the local exchange company...except in those cases in which the commission determines that no duplicative or competitive local exchange service is being provided." Another section of the rule states that shared Wide Area Telephone Service shall be permitted only when the provider has been granted a certificate by the commission. Any person sharing service on or before November 4, 1985 can continue to share until October 1, 1986, under the rule.

General Telephone Transfer of Embedded CPE

All new customer premises equipment was deregulated on January 1, 1983. Embedded equipment must be deregulated by December 31, 1987. During 1985, the commission approved a General Telephone plan to begin transferring embedded equipment and inside wiring to a separate subsidiary called General Telephone Communications Corporation.

Under the transfer customers have 12 months from the date of the transfer of their equipment to buy the equipment at the price established in the equipment marketing plan, or could continue to lease their equipment at the current price.

As equipment was deregulated, local rates were decreased to reflect the fact that they no longer included wiring maintenance. The start up costs of the subsidiary were not allowed to be charged to regulated business.

The commission also completed the state plan for the deregulation of premise equipment for other phone companies. At the end of the year, the Commission was awaiting approval by the Federal Communications Commission (FCC) of the plan.

Equal Access

Equal access began to be implemented in Florida during 1985, with many central offices across the state converted. The commission received some complaints from customers about problems associated with equal access conversions and held a workshop with the companies on implementing equal access. The PSC began developing information for customers on equal access, why it was required, and how to go about choosing a long distance carrier.

OTHER TELEPHONE ISSUES

Bill Itemization Rule

The commission proposed a new rule requiring telephone companies in the state to itemize local service charges on customer bills once each year. The bill will be accompanied by a bill stuffer which explains the itemization and advises the customer to verify the items and charges.

Telephone companies also must continue the current practice of including a statement on each monthly bill that "Itemization of local billing is available on request," and companies will have to comply with reasonable requests from subscribers for an itemized statement at any time.

Due Date for Bills

The commission also investigated changing the amount of time a telephone customer has to pay his bill. The present rule allowed 15 days for payment. Initially, the PSC staff recommended that there be no change in the rule, but the commissioners directed the staff to submit a rule which would give telephone customers 20 days to pay their phone bills before the bills are considered delinquent. The commission indicated that it intends to revise the rule to allow 20 days in order to make the rule consistent with the rule for other utilities.

Telephone Pricing Goals

The commission concluded a three-year investigation of local exchange telephone prices by establishing certain goals and policies to be pursued in developing what is termed "a progressive local exchange pricing plan."

The commission said it "remains committed to maintaining universal telephone service in Florida," and recognizes that to achieve that goal in the changing communiations market "we must consider pricing plans for telephone service that balance conflicting interests," and provide customers some reasonable options.

Access Charges

The commission continued work in the access charge docket holding extensive hearings on cost and pricing issues. New access charges and Foreign Exchange rates were set. As of July 1, the billing system for access charges the interexchange companies pay to the local phone companies for use of the facilities was changed. Previously, the access charges were handled through a statewide pool. As of July 1, the charges were billed and kept by the individual local exchange telephone companies.

The FCC residential access charge of $1 monthly went into effect in June, and the commission required notification with the charge on customer bills that it was billed as a result of FCC interstate access charge decisions.

Other changes included uniform statewide coin telephone charges for local phone companies, and uniform directory assistance charges in the state.

The PSC decided that local phone companies in Florida should charge 25¢ for local coin phone calls throughout the state. The commission's decision came after three years of investigation. Studies showed that the average cost of a coin phone call was 23¢, and the commission felt that customers who make coin phone calls should pay that cost, rather than have the charge subsidized through monthly local service charges.

The uniform directory assistance charge plan for in-state directory assistance calls requires a 25¢ charge for both local and long distance directory assistance. For local directory assistance calls there is a three call allowance per month and then a 25¢ per call charge.

When the PSC approved the new directory assistance charge plan, it retained exemptions from the charge for the handicapped, and for calls from public telephones, hospitals, and hotel and motel rooms. In November, the commission approved a tariff filed by AT&T Communications removing exemptions on directory assistance charges except for calls made by handicapped persons.

ELECTRIC ISSUES

Tampa Electric Company

On April 5, Tampa Electric Company (TECO) filed a request with the Public Service Commission for a $78.7 million rate increase. TECO asked to put $42.4 million of that amount into effect as an interim increase, subject to refund, pending a final decision in the case.

In May, the PSC suspended the proposed rates and determined that TECO was entitled to a $21.4 million interim rate increase.

TECO maintained the full rate increase was necessary to allow the company the opportunity to earn a reasonable return on its investment, including the utility's new Big Bend Four generating plant. TECO requested an increase in its overall return to 10.42 percent, and an increase in the return on equity to 16 percent.

In its final decision in the case, the commission granted TECO a $45.6 million increase for 1986. Included in the decision were additional increases of $10.4 million effective in January, 1987 and $7.6 million effective in 1988. The supplemental increases are designed to cover costs associated with the company's Big Bend Four generating unit.

The rate increase was largely offset by fuel cost reductions. In fact, bills for the average residential customer after the first step of the increase took effect were actually lower than they were prior to the company's rate case application.

In the case, the commission adopted a new cost of service methodology, the Equivalent Peaker Cost (EPC), which it said allocated costs more logically and equitably than previous methodologies.

St. Lucie Outage

The Public Service Commission concluded an investigation into the circumstances surrounding an extended outage at Florida Power and Light Company's nuclear plant St. Lucie I during 1983 and 1984. The plant was out of service for more than a year due to problems with a thermal shield which surrounded the nuclear reactor. The commission investigated whether the outage was due to management error or otherwise was the the fault of the company. At the conclusion of the investigation, the PSC found no fault with the company's actions.

GAS RATE CASES

Cainesville Gas

Cainesville Gas requested a $790,000 rate increase in October of 1984. In its final decision in the case, the commission determined that the utility was entitled to a $597,000 total rate increase, effective in May, 1985.

Southern Gas

Southern Gas Company requested a $461,000 rate increase. The PSC approved an increase of $320,000 for the utility, which raised the bills of residential natural gas customers by less than two percent. Southern Gas serves approximately 4,000 customers in the Sarasota area.

Timberland Gas

Timberland Gas requested a $97,000 rate increase, and the commission approved an increase of $56,000, effective May 2, 1985. Timberland serves 750 natural gas customers in Escambia County.

Other Gas Requests

Three other natural gas companies requested rate increases during the year. St. Joe Natural Gas Company requested a $388,572 rate increase, and those rates were suspended on December 3, 1985. Gulf Natural Gas Company requested a $1.4 million increase in October, 1985, and an interim increase of $947,537 was granted in December, subject to refund. Florida Public Utilities requested a $1,923,989 rate increase which was suspended in December. An interim increase of $697,917 was granted.

EXECUTIVE DIRECTOR

David Swafford

The executive director is, essentially, the chief of staff of the commission with general responsibility over the technical and administrative operations of the commission. He coordinates the activities of the departments, is responsible for the implementation of commission policies, and makes recommendations for the development and articulation of policy questions. The executive director serves with the general counsel in coordinating inter-agency and legislative liaison, and consults with and advises the commission on economic and governmental matters.

The office includes two deputy executive directors. William Talbott is deputy executive director over the technical departments, including the Communications, Electric and Gas, Water and Sewer, Auditing and Financial Analysis, Research, and Rail Transportation departments. Jay McGlon is deputy executive director over the Administration and Consumer Affairs departments, the Commission Clerk, and the Office of Information Processing.

This division of executive duties helps to facilitate the flow and efficiency of the commission's workload, as well as providing the proper direction and leadership for the staff.

GENERAL COUNSEL

William Bilenky

The Office of the General Counsel is responsible for the legal functions of the commission. There are two areas of responsibility, the General Counsel/Advisory section and the General Counsel/Legal section.

The Advisory section, headed by Susan Clark, has the responsibility for providing indirect legal services and advice to the commissioners. It prepares notices, recommendations and orders; attends hearings; participates in matters before state and federal courts; promulgates rules and regulations; and acts as inter-agency and legislative liaison in cooperation with the executive director.

The General Counsel/Legal section is headed by Roger Howe. This section provides direct legal services and represents the staff in proceedings before the commission, Division of Administrative Hearings, and the Circuit Courts.

General Counsel/Advisory

The year 1985 was no less tumultuous than 1984 with regard to telecommunications activity. At the federal level, the commission was an active participant in numerous FCC dockets that could potentially impact the states. Also, the Florida Plan for Unified Access Charges was again the focus of Joint Board and FCC attention during the first ten months of the year. On the congressional front, many telephone related legislation proposals were introduced, but action on the bills does not appear to be immediately forthcoming.

The Florida unified interstate/intrastate access charge proposal experienced a setback in 1985. On October 8, 1985 the FCC released its decision and order adopting the Joint Board's recommendation to have this commission revise its proposal. The primary deficiency identified by the FCC was that the Florida Plan appeared to impose additional cost burdens on telephone subscribers in other states because it would recover more nontraffic sensitive costs from the interexchange carriers than the FCC plan does.

Currently, in Docket No. 850644-TP, Phase II of the Florida Plan includes reevaluation of data with a view toward refiling a modified Florida Plan sometime in mid-1986.

The FCC has initiated a proceeding (Computer Inquiry III) to readdress the regulatory protections set forth in the Second Computer Inquiry. Florida has not filed comments in this proceeding, but staff has been analyzing the early responses to the inquiry.

In the Cox Cable Communications case, the FCC held that the State of Nebraska was precluded from requiring prior state certification requirements for cable television companies offering institutional services. The FCC further held that any state regulation of institutional services offered by cable companies that acts as a de facto or de jure barrier to entry into the interstate communications market must be preempted. An appeal of the FCC final order was filed by the NARUC, and this commission has intervened in the appeal.

A petition for a writ of certiorari has been filed by the commission with the U. S. Supreme Court to review the decision of the Fourth Circuit Court of Appeals upholding the FCC's preemption of depreciation for intrastate ratemaking purposes. The Court has accepted jurisdiction. All briefs have been filed and the Court will hear oral argument in 1986.

In September 1985, the office of General Counsel staff, representing the commission, appeared at FERC in response to D-RM85-17-000-Phase I, relating to regulation of electricity for resale and transmission services. Our filed comments supported changes that allow competitive market forces to have a greater influence.

In 1985, twenty appeals of commission orders were initiated. The telephone industry lead with eleven, the water and sewer industry followed with five, and the electric industry contributed four.

Twenty-seven appellate cases were closed in 1985. Of the ten in the telephone industry, four commission orders were affirmed and one was reversed. Certiorari was denied in one case and granted once. The remaining three cases were dismissed. Thirteen appeals closed in 1985 involved the electric industry. Commission action was affirmed in six cases and reversed in three cases. The other four were voluntarily dismissed. Four water and sewer appeals were closed in 1985. Three commission orders were affirmed and one case settled.

At the end of the year, twenty three appeals were pending.

Also during 1985, the commission took action on 63 rules, including a rule governing the manner in which requests for confidential treatment of information supplied by utilities are treated. The Division of Administrative Hearings dismissed two pending challenges of commission rules. The Joint Administrative Procedures Committee issued an objection to one commission rule. The commission decided to conform the rule to the objection and the objection was withdrawn. The First District Court of Appeals upheld the commission's authority to adopt its water and sewer CIAC rules in an appeal from a 1983 DOAH rule challenge decision in favor of the commission. The appellant is now seeking to have the Supreme Court review the District Court's decision. The commission has filed an opposing brief and a motion for attorney's fees on the basis that the Supreme Court lacks jurisdiction. The commission's rule on shared telephone service, adopted in December, 1985, has been appealed to the Supreme Court.

General Counsel/Legal

The Legal Department's telecommunications attorneys have been assigned to over 550 dockets, many of which require the drafting of multiple orders.

The commission made the decision to deregulate pay telepone service (PATS) allowing private individuals to own and operate PATS Instruments on a toll-only basis. Subsequent legislative enactment extended PATS to the local service level. The commission, consistent with the interstate trend toward deregulation, established a minimal regulatory structure for PATS providers while still requiring certification for PATS providers. Well over 300 PATS cases have been processed.

Dockets involving certification of resellers of WATS and message toll service and interexchange carriers lessened in 1985, but are still an active area.

During 1985 the commission embarked on the complete restructure of OUTWATS service involving the active participation of many parties in the hearing process. In accordance with Judge Greene's orders under the MFJ (Modified Final Judgment), OUTWATS was split into separate services. As part of the restructuring, the commission made the transition to full usage-sensitivity in OUTWATS rates by instituting the phased removal of maximum usage charges.

The access charge docket resulted in two sets of hearings in 1985. One resulted in the historic implementation of bill-and-keep for access charges, replacing the traditional pooling arrangement. The second proceeding resulted in refinement of numerous issues and the commission's adoption of a new structure for the Busy Hour Minute of Capacity Charge as a means to combat bypass of the local network.

The federal and state court actions spawned by the Dial-It proceeding in 1984 continued in 1985. The United States Circuit Court of Appeals for the Eleventh Circuit denied Planintiff Carlin Cummunications attempt to have the United State District Court's Order Denying Preliminary Injunction overturned. Concurrently with the this action the Legal Department pursued its appeal of a state court Order Denying Change of Venue in a parallel suit filed by Carlin and was ultimately unsuccessful in forcing dismissal of that suit. In a continuation of the federal proceeding, the commission's and Southern Bell's Motions for Summary Judgment were granted which would allow Southern Bell to provide Dial-It service under the tariff approved by the commission. Plaintiff Carlin has appealed this decision to the Eleventh Circuit with the initial brief due in February 1986.

On December 9, 1985 the commission voted to approve cellular and radio common carrier tariffs for Southern Bell and General Telephone Company. The tariffs embodied a comprehensive revision of cellular and RCC rates based on a memorandum of agreement reached between the companies and their respective cellular and RCC providers. The rate structure and rates approved in these tariffs should serve as a model for other local exchange companies in Florida.

After a lengthy investigation of alternative plans for providing additional calling scope at reasonable rates to telephone subscribers, the commission issued a comprehensive policy statement in its general investigation of local exchange pricing (Order No. 14768). The order provided for a two-way optional calling plan to supplant the current non-optional program for extended area service as set out in the commission's rules. Implementation of the plan has begun in several dockets, which have been protested, thus requiring further proceedings.

The year 1985 was quite different from previous years for the Electric and Gas section of the Legal Department in that it processed only one investor-owned electric utility rate case. Three gas rate cases also were completed in 1985. Currently, there are three gas rate cases pending. Two power plant siting petitons were considered.

In the area of cogeneration, rules related to the wheeling of cogenerated power were revised to make clear that all utilities must wheel cogenerated power to make it available to the utility that needs its. The rule also provides for an interstate as well as an intrastate wheeling rate. At the present time, the staff is working on a rule which will prescribe filing requirements for territorial dispute cases, as well as the criteria the commission will consider.

ADMINISTRATION DEPARTMENT

James Ward, Director

The Administration Department has overall responsibilities throughout the commission in areas of internal administration, including accounting, personnel, budgeting, planning, purchasing, duplicating, mail distribution, leasing of office space and equipment, and supervision of commission-owned automobiles.

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Administration consists of several sections, each handling a specific area of responsibility. The fiscal section operates a centralized accounting office and keeps detailed accounting records for the entire PSC. This section is responsible for disbursements and collection of revenue for the commission. The section prepares payrolls, and audits and codes all travel reimbursement vouchers, purchase orders, and invoices for payment.

The personnel section administers all actions regarding recruitment, employment, pay, attendance and leave to ensure the proper application of state personnel rules and regulations.

The PSC has enhanced the affirmative action program, advanced recruitment efforts, and also has established some sound training programs. The personnel office sends job opportunity announcements to other state agencies, state employment services, and universities, as well as to minority-oriented organizations and publications.

The office services section provides mail and duplicating services.

The budget and planning section is responsible for overseeing the commission's legislative budget request during the entire fiscal cycle, including preparation, various stages of review and approval, appropriation, implementation, and monitoring.

An extensive training program continued throughout 1985, with approximately 10,000 hours of classroom instruction being given to PSC employees. Classes encompassed such subjects as: Supervisory Management, Performance Evaluations, The Use of Microcomputors and Related Software Applications, Time Management, Business Writing, Telephone Communications, Stress Management and Human Relations, and Women in Government.

AUDITING AND FINANCIAL ANALYSIS DEPARTMENT

Tim Devlin, Director

The Auditing and Financial Analysis Department serves as the principle advisor to the commission on matters pertaining to taxes, capital recovery and finance. The department performs audits, issues reports on regulated utilities and is the official custodian of the annual reports required to be filed by the regulated utilities. Of the 64 positions in the department, 14 are filled with persons possessing CPA certificates, 9 with MBA's, and 7 with MA or MS degrees.

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In 1985, the Tax Section participated in two major rate cases and several generic dockets, such as divestiture and deregulation in the telephone industry and electric utility diversification. Inhouse training was provided to the field auditors and industry analysts relating to tax treatment for ratemaking purposes. A comprehensive review of the PSC tax rules was made with numerous revisions being proposed. In addition to these activities a significant amount of time was dedicated to working with the Internal Revenue Service, Treasury Department, Florida utilities and other state commissions on the proposed IRS regulations on Interest Synchronization, a project expected to continue well into 1986.

The Management Studies Section completed two landmark reviews: a comparative review of the three largest telephone companies and a comprehensive review of one of the smallest telephone companies in the State. The most ambitious of these reviews was The Cross-Sectional Telephone Audit of the management, customer services and internal audit functions of General Telephone, United Telephone and Southern Bell Telephone of Florida. The more than fifty recommendations made to these three companies, which together employ over 40,000 individuals, will lead to substantive operational improvements when fully implemented. On the other end of the spectrum fell the review of Northeast Florida Telephone. This comprehensive review of a company employing only 48 people was unique in that the majority of the recommendations were formulated to be useful not only to Northeast, but also to other companies of similar size and managerial expertise.

In 1985 rules were adopted covering subcategorization to be used in gas utilities' depreciation studies so that investments will be grouped according to their expected life patterns. The depreciation section also held workshops on similar rules for electric utilities. Proposed rules for uniform capitalization

practices for gas utilities have been submitted for rulemaking, while similar rules for telephone and electric companies are still under development.

The EDP Section supported a rapidly expanding computerization of the department. There are now a total of nine portable computers in the field offices. Field audit staff are being trained in the use of several different software packages which give the auditors a wide range of sampling capability. The audit analyzer is now being used in virtually every major rate case involving the electric or telephone industry. It has also been used this year in several scheduled audits and two special investigations.

The Finance Section in 1985 completed several research projects including an optimal capital structure study and an analysis of the reconciliation of the sources and uses of utility capital funding. Annual electric and gas financing applications were reviewed and evaluated. Significant progress was made in rule proceedings for the telephone and gas rate case minimum filing requirements rule. The finance section staff also submitted comments to the FCC's proposed generic rate of return for interstate telephone services, suggesting a methodology that would more accurately reflect the cost of capital resources used in providing interstate telephone services for each individual telephone utility.

The Finance, Tax, Audit and Depreciation sections participated in rate cases, both major and minor, providing support in cases involving all industries regulated by the commission.

THE COMMISSION CLERK

Steve Tribble

The Commission Clerk receives and processes all formal matters filed with the commission and keeps the official records. The clerk maintains permanent record books, records the minutes and formal orders of the commission, maintains records on the current status of all pending proceedings, prepares and issues notices of all hearings, arranges hearing sites, and serves all orders. The clerk also assigns docket and order numbers for all proceedings before the commission.

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The job of Commission Clerk is similar to that of a circuit court clerk. Just as the commission's rules of practice and procedure are patterned after those of the circuit courts, the records are kept on a docket filing system much like court cases are filed and placed on a court docket.

The Commission Clerk provided administrative support to the Commissioners and staff in the areas of records and case management, disseminated information and promoted the accessibility and responsiveness of the Commission to the general public, utility representatives and others.

The Document Control and Records sections implemented improvements in procedures for receiving, filing and distributing official documents which allowed an increase in workload to be handled with no increase in staff.

The Hearing Reporters section, which reported 27,997 pages of transcripts from official commission hearings, began implementing a computer assisted transcription system which will allow them to cut down on the overtime hours required to meet transcription deadlines. Although full utilization of the system was not achieved in 1985, savings in personnel costs and improvements in the timeliness of transcripts were being realized.

During 1985, the Case Management function also was transferred from the Executive Director's Office to the Commission Clerk. Following the transfer, procedures for the scheduling of cases were revised to allow the Clerk to administratively approve scheduling for routine cases and those for which changes in schedule resulted from commission action. This change reduced the time required for the scheduling process and enhanced the Chairman's ability to schedule the more complex cases.

COMMUNICATIONS DEPARTMENT

Walter D'Haeseleer, Director

The Communications Department is responsible for providing technical information, advice and assistance in the accounting, engineering and rate areas regarding the regulation of telephone rates, services and construction programs. In formal proceedings, the department provides analysis of expert testimony and exhibits, develops testimony and prepares recommendations concerning the disposition of matters before the commission.

* * *

The Communications Department in 1985 accomplished a number of significant policy objectives in the access charge area. The year was one marked by evolution and adaptation following the advent of competition in the interexchange market and the subsequent divestiture of AT&T and the Bell companies.

The Federal Communications Commission (FCC) access charge plan has resulted in the imposition of a flat Customer Access Line Charges (CALC) on all end users and the imposition of usage sensitive billing of access charges by local exchange carriers (LECs) to interexchange carriers (IXCs).

The Florida intrastate access charge plan developed by the Florida Public Service Commission prescribes a structure for the compensation of the LEC for use of the local network in the provision of long distance calling with planned results markedly divergent from the FCC's planned end result. Perhaps most notably, the PSC plan calls for no flat end user charges but instead calls for compensation to the LEC on a usage-sensitive basis and a flat capacity charge borne by the IXC.

Towards complete implementation of the PSC plan, two sets of hearings were completed.

Acting on staff's recommendations the commission approved and ordered the implementation of a number of policy objectives that had been discussed in previous orders. In addition, other issues relating to access charges were dealt with and resolved by staff and the commission.

The Communications Department has worked throughout 1985 to follow through with the implementation of the commission's Access Charge plan. Special access charges were unbundled and end user billing for special access was implemented. Time-of-Day (TOD) pricing of switched access was approved. Bill and Keep of access charges was also implemented.

On January 1, 1985, Equal Access was available in only ten Southern Bell end offices. These ten end offices served a total of 347,144 access lines. There were no access tandems in service.

During 1985, Southern Bell made equal access available in ninety additional end offices serving 2,388,000 access lines. Also during 1985 access tandems were cut over in each of the eight Equal Access Exchange Areas (EAEA) in which Southern Bell operates.

At the February 5, 1985 Agenda Conference, the commission voted to permit pay telephone service (PATS) on a toll-only basis until such time as Florida Statutes could be amended to permit local calling over privately-owned pay telephones. At the commission's initiation, the Legislature amended Florida Statutes during the 1985 session.

The commission determined that all PATS providers would be subject to commission regulation including, but not limited to, requiring a certificate of public convenience and necessity, maximum end user rate regulation, and service requirements. In doing so, the commission intended to assure that users of pay telephones receive at least a level of service that they are accustomed to.

Finally, the commission authorized a usage sensitive message rate to be charged by the local exchange company to the PATS provider as appropriate for this resold service. Since the commission began authorizing private PATS, it has issued certificates to approximately 450 providers as of the end of 1985.

Also at the end of 1985 there were 55 long distance companies authorized to provide service in Florida. Among these companies eight provided service over their own facilities and the others simply resold services from other carriers to the public. Two of these companies were characterized as Shared Tenant Service providers and they are authorized to provide WATS or MTS service to their tenants.

During 1985, eleven new companies were authorized to provide long distance service. Among these, two were Shared Tenant Service providers and two were Facilities Based Carriers. The number of companies that were authorized was less than 1984 when thirteen companies were certificated. Four other certificates approved in 1985 became effective in early 1986.

Eight service evaluations were conducted in the operating territories of 4 local exchange telephone companies. As a part of those evaluations, 10 interexchange carriers were also

tested. Additionally, test calls were made to local and county emergency 911 systems across the state. Local exchange company and non-LEC payphones were also checked for compliance with commission rules and standards.

Staff was involved in two rate cases and four overearnings investigations during the year.

Southern Bell filed a Request for Test Year Approval in March of 1985. However, they did not pursue the case and the docket was subsequently closed on August 20, 1985. ALLTEL Florida filed a Petition asking for a permanent revenue increase of $3,293,375. Hearings were held and the commission ordered a net revenue reduction of $300,590 in January of 1986.

Staff conducted overearnings investigations of Centel, United, Quincy and St. Joe during 1985. St. Joe was not completed in 1985 but the other three were resolved through stipulated settlements.

The commission also acted in 1985 to comply with Federal directives to separate any jointly provided services of AT&T and Southern Bell. As a result, it was necessary to separate WATS (both 800 and OUT) into interLATA (AT&T) and intraLATA (Southern Bell) services.

In addition to separating an existing customer's service into two rate schedules, the commission also provided the option of interLATA only and intraLATA only OUTWATS, thereby creating three services instead of just one.

Another OUTWATS related action taken by the commission was to initiate the phase-out of the existing maximum usage charge. This phase out commenced on October 1, 1985 and will be completed in six-month intervals over an 18-month period.

Southern Bell filed a Petition to Initiate Rulemaking in 1984 and after investigation, the commission adopted a new rule. In brief, this rule states that the provision for hire of Shared Telephone Service within a local calling area by other than the certificated LEC is prohibited.

Staff, Public Counsel, and industry representatives had workshop meetings to examine the LEC toll bill-and-keep plans. The implementation of LEC bill-and-keep would eliminate the intraLATA toll pool, much like the access bill-and-keep plan implemented on July 1, 1985 eliminated the interLATA pool. Testimony in the LEC toll proceeding was received in December and a hearing was scheduled for March, 1986. It is possible, if the plan is adopted by the commission, that LEC toll bill and keep could be implemented as early as July 1, 1986.

CONSUMER AFFAIRS DEPARTMENT

George Hanna, Director

The following items highlight some major activities of the Consumer Affairs Department during 1985 in addition to complaint activity.

1. Consumer Affairs continued the orientation program of new commission employees. New employees are required to spend a week in Consumer Affairs answering the toll-free complaint line. A training manual was developed for the temporary "complaint analysts." Nine employees of technical departments spent 40 days in the department during 1985.

2. The department continued to keep track of the dollar savings to individual consumers resulting from Consumer Affairs investigation of complaints. During 1985, customers saved $185,451 as a result of complaint action taken by Consumer Affairs, a figure substantially up from the $136,290 saved in 1984 in spite of the fact fewer complaints were logged. Most of the savings were for telephone customers, with $146,641 of the savings in this area, and $36,029 for electric customers.

3. The department handled 38,497 inquiries and unlogged complaints during the year, in addition to 6,812 logged complaints. These figures represent a 9,394 annual decrease in inquiries since 1984, and a 1,004 decrease in logged complaints.

4. The department continued preparing a daily tape of PSC news for use by radio stations, putting our second WATS line to use during non-business hours by providing a toll-free number for radio stations to call and get a taped news or conservation item. We received 1,139 calls for the taped items during the year.

5. The department continued distribution of PSC news releases during 1985, preparing and distributing 2,095 copies of new releases during the year. Consumer Affairs continued sending items of PSC news to NARUC Bulletin for publication so other regulatory agencies will be aware of PSC actions. We also continued preparing and distributing a press-ready Consumer Update Column on PSC decisions and activities to weekly newspapers in the state.

6. Consumer Affairs continued publication and distribution of the monthly Consumer Bulletin giving details on commission actions, and prepared and distributed the PSC Staff Reporter and the Annual Report.

7. Testimony and exhibits dealing with complaint activity were prepared for two rate cases.

8. Work was begun on a new telephone pamphlet to bring customers up to date on changes in the telephone industry and advise them on matters such as equal access and how to choose a long distance carrier.

ELECTRIC AND GAS DEPARTMENT

Joe Jenkins, Director

The Tampa Electric Company (TECO) rate case was the only major electric rate case processed during 1985, a significant reduction from the three electric utility rate cases processed during 1984.

The TECO rate case was the first case to use a historic test year since the major electric utilities began utilizing projected test years in 1981. However, the 1984 historic test year used in this case was adjusted to recognize the annualized effects of the coal-fired Big Bend Unit 4 that started commercial operations in February, 1985. The increase in revenue requirements for the investment and operating expenses associated with the unit was partially offset by a reduction in fuel costs and off-system sales revenues from the unit.

During 1985, three gas utility rate cases were finalized. In addition, three rate cases were filed in late 1985 and will not be finalized until 1986.

The commission has determined that, to the extent possible, rates should be designed to reflect the cost of providing service to each class of customers.

The primary issue in a cost of service study for an electric utility is the classification and allocation of production plant. For the past five years the commission has approved the use of the 12 monthly coincident peak and average demand methodology which results in an allocation of production plant based on the 12 coincident peaks as demand-related and allocates the remainder of the production plant (4% to 7.69%) to energy. In 1985 the commission modified this methodology by classifying a much larger percentage of the rate base for base load plants as energy related to recognize that the high capital costs of base load units were incurred because of the lower fuel cost for these plants. In the 1985 TECO rate case, the equivalent peaker methodology was adopted, which classifies as demand-related only the cost of equivalent peaking capacity for all of Tampa Electric's generating units. The remaining production plant cost is then classified as energy related.

Special investigations continue to be spun-off in special fuel cost recovery proceedings.

The commission addressed the pricing of Florida Power Corporation's (FPC) coal/oil mixture (COM) and FPC's interest in the development of the COM technology and found that the price of COM should not exceed the price of No. 6 oil, the fuel that COM was intended to replace. Because the price previously paid for COM had exceeded the price of No. 6 oil, the commission ordered a credit of $1,446,190, including interest, to be made to the fuel cost recovery clause and a reduction in approved fuel inventory of $338,002. In addition, the commission determined that the ratepayers had a vested interest in the COM technology because FPC had provided its Crystal River Unit No. 1 as a testing boiler and provided adjacent land for the construction of a pilot plant. The commission found that a reasonable minimum value for the technology was the cost of producting it, and ordered that FPC's ratepayers be given a credit of $1,399,593, including $510,996 of interest, to compensate ratepayers for their investment in the COM technology.

FPC appealed the commission's order to the Florida Supreme Court and oral arguments were heard on this matter on December 3, 1985. The Florida Supreme Court's opinion is expected in 1986.

On another fuel investigation matter, the commission ordered Gulf Power Company to refund $2,679,088 plus interest, pursuant to the Maxine Mine investigation. Gulf Power appealed to the Florida Supreme Court and Oral arguments will be heard in 1986. A stay concerning the implementation of the refund has been granted pending the opinion of the Florida Supreme Court.

During 1985, the commission also finalized its investigation of waterborne transportation charges paid by FPC to Electric Fuels Corporation (EFC) The commission ordered that any profit or loss resulting from prudent phosphate backhaul operations or other non-utility ventures from the utilization of equipment dedicated to the use of FPC should be included in the price of coal. The commission also withheld from cost recovery, $516,000, related to claims by EFC against International Marine Terminals (IMT) subject to refund pending the presentation of evidence concerning the relationship and flow of funds between FPC, EFC and IMT in 1986.

The commission changed previous Conservation Planning and Forecasting (Demand Side) and Annual Planning (Supply Side) Workshops to a single Annual Planning Hearing. The more formal hearing process will enable the commission to better address increasingly complex conservation and cogeneration issues that have an impact on coordinated statewide planning.

Information presented by utilities for the 1985 Annual Planning Hearing was inadequate for planning needs. Although the utilities refused to admit inadequancy, all parties entered into a stipulation calling for resubmittal of improved data in 1986. Increased contact and communication between the utilities and the commission is required in the stipulation. The process should result in much better planning data than has been available to the commission in the past.

Conservation goals were scheduled for review after the 1985 Annual Planning Hearing. Following the 1986 Annual Planning Hearing, the commission will have more sound information upon which to base its decision on whether to extend conservation goals now in effect for reducing growth rates in demand and energy or to revise them.

Rule changes, effective in January 1985, added three new reporting requirements to the Conservation End Use Rule.

The first requires that a biennial field survey of residential customers be conducted jointly by the twelve largest electric utilities.

The second requires "best estimate" forecasts of future changes in appliance saturations and efficiencies, and likely changes in thermal characteristics of Florida's housing stock. The forecasts are to be provided by the same twelve utilities. They will be used to review the objectives of conservation and to periodically reset conservation goals as required by FEECA.

The third change requires that the four largest investor owned electric utilities modify residential load profiles (developed pursuant to the Cost of Service Load Research Rule) to develop weather normalized profiles. Weather normalized load profile data will provide an accurate data set to monitor the impact of advancing technologies and changing programs on demand requirements faced by Florida's electric utility industry.

The Energy Broker and the Expanded Broker systems continue to provide tremendous savings to Florida's ratepayers. Total annual savings from the systems were more than $54 million in 1984. The total annual savings for 1985, through October 1985, exceeded $63 million.

Increasing the options for cogeneration in 1985, the commission amended the Rule dealing with "Wheeling," or transmission service for Qualifying Facilities (QF's). The amendment clarifies that all electric utilities must wheel QF-produced power to other utilities to ensure that power will be available to the utility with the greatest need.

In the natural gas industry, rates below the commission approved cost justified rate were approved for Peoples Gas, Central Florida Gas, and Gulf Natural Gas to allow these utilities to compete with low No. 6 oil prices and hopefully retain industrial customers with fuel switching capability. These lower rates are called flex rates.

With a flex rate, utilities have the option to lower the rate charged from the cost justified rate provided the utility is willing to absorb the revenue shortfall. If a customer can purchase No. 6 oil (or some other fuel) below the cost justified rate approved by the commission, the utility has the option of determining whether it wants to meet the competition and absorb the revenue shortfall. The utility's reasons for doing so is that the revenue loss will be less than if the customer switched to No. 6 oil or some other fuel.

In 1985, 26 written notifications of gas safety violations were issued. These notifications cited 67 rule violations ranging from the use of unqualified welders to the failure to repair gas leaks. All violations have been corrected or are scheduled for correction pursuant to the commission's Standard Operating Procedures for enforcement of safety rule violations. The safety evaluations covered 103 gas systems and 13,567 miles of gas mains and approximatly 456,000 natural gas customers.

OFFICE OF INFORMATION PROCESSING

Margaret Perry, Administrator

The Office of Information Processing is responsible for the coordination of the computer, word processing and data processing requirements of the commission. The office provides technical support to the commission in developing, selecting and maintaining computerized applications, software, microcomputer systems and word processing systems and provides training and user's forums for the commission staff on microcomputers and word processing.

* * *

1985 showed continued growth in the number of microcomputers made available to the commission's professional staff. The number of microcomputers has gone from nine to 22 and there are now two in-house portable microcomputers. In addition to the microcomputer units listed above, two of the field offices each have three units and the third field office has two units for field audit use.

Office Automation at the commission has expanded with the addition of one more Office Information System and an upgrade of an existing system both connected to the main WANG Office Information System. That brings the workstation total to 37.

The Event Tracking System has undergone some enhancements to make it useful to the commission and an additional terminal was installed to facilitate access. Design on the Case Managent System has continued with a October 1986 deadline for implementaion.

Work on the Conservation Research Model continued in conjunction with the Research Department and the Conservation Section of the Electric & Gas Department and the Arthur D. Little Company; this will operate on the Digital Equipment Corporation minicomputer now installed at the commission.

The large mainframe computer at Florida State University continues to be utilized for those applications too large or too complex for microcomputer implementation, or for those which require that a single database be available to all Commission Departments, such as the Event Tracking System.

The commission also continues to utilize the mainframe computer at the Northwest Regional Data Center of FSC to run the Audit Analyzer software, and to use outside computerized research facilities such as WESTLAW (legal research) and DRI (electric industry research).

RAIL TRANSPORTATION DEPARTMENT

Commission jurisdiction over rail transportation expired on October 1, 1985. The Interstate Commerce Commission by order issued August 7, 1985 assumed jurisdiction over Florida intrastate rail transportation effective October 1, 1985.

RESEARCH DEPARTMENT

Mary Bane, Director

In 1985, the Research Department was involved in a variety of projects covering all industry groups. Deregulation of the telecommunications industry continued to be of interest and issues related to increased competition in the electric industry became of significant note.

* * *

During 1985, the Simulation Study was completed. This study, funded with Florida Energy Trust Fund monies, provides the commission with computer models and detailed customer market survey information which will enhance the commission's ability to formulate future energy conservation policies.

A Handbook on Cogeneration, prepared by Research staff, provided useful and timely information for the commission's deliberations on the issue of wheeling for self-service cogenerators. Work in the area of cogeneration was continued with a request from the Electric & Gas Department for a critical review of the pricing mechanism for utility purchases of cogenerated power compared to the cost-effectiveness method used for evaluating utility conservation programs. Other studies in the energy area addressed the questions of competition on the territorial fringes of electric utilities and measurement of performance of electric utilities. The development of a performance evaluation system is under continuing study.

In the telecommunications area, research was initiated on the degree of competition among the intrastate interexchange telephone company carriers and on the threat of bypass by cable television companies in provision of local exchange telephone service. During the year, a project was also initiated to analyze problems of rapid growth on water and sewer capacity.

A total of 26 economic impact statements were completed with topics ranging from deregulation of telephone customer premise equipment to adoption of a new uniform system of accounts for water and sewer utilities.

In addition, the staff lent technical support to the Electric & Gas Department in designing proposed new conservation goals and work was initiated on evaluating the economic impacts of those goals.

Various publications of operational accounting and statistical information were prepared by the department, including updates of two existing reports on the electric industry and a new report on local exchange telephone companies.

Efforts to develop a system of aggregate comparative statistics for all of the water and sewer companies revealed that this industry is significantly more difficult to analyze than the electric and telecommunications industries. The extremely large number of water and sewer utilities, the vast variation in size, and the divergence of various treatment methods precluded the development of a single document of comparative statistics. For this industry, the preparation of various statistics for a selected group of comparable water and sewer utilities on an as needed basis appears much more useful.

In addition, staff of the department provided expertise to assist other departments by serving on regulatory committees and task forces.

WATER AND SEWER DEPARTMENT

Dale Knapp, Director

On April 16, 1985, water and sewer companies in Collier County were placed under PSC authority. St. Johns County also voted to be placed under PSC jurisdiction on July 25, 1985. Jurisdiction was removed by one county in 1985. By commission resolution Walton County voted to remove itself from jurisdiction on July 30, 1985. The PSC now regulates in 31 counties with approximately 700 systems.

* * *

Workshops were held by staff on the rewrite of the water and sewer rules. The final rewrite will be presented in 1986.

Staff also completely revised the NARUC Uniform System of Accounts which was approved by the commission and adopted by NARUC. It was published for distribution nationally by NARUC in February of 1985.

In addition, department personnel presented a new annual report for adoption by the NARUC Subcommittee on Accounts in 1985. The final version is anticipated to be adopted in 1986.

The department continues to expand the use of micro-computers in order to increase the efficiency of staff output in docketed matters before the commission.

1985 Water and Sewer Cases

	1984	1985
Rate Cases Completed	18	18
Rate Cases in Progress	22	22
Staff Assisted Rate Cases Completed	21	15
Staff Assisted Rate Cases in Progress	20	20
Certificated (all types) Completed	67	82
Certification (all types) in Progress	58	53**
Indexes Completed	78	90
Indexes in Progress	10	7**
Pass-Throughs Completed	11	25
Pass-Throughs in Progress	2	2**

**Revised 01/15/86

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DISTRICT OFFICES

MIAMI (305) 592-0730

7370 N.W. 36th Street
Suite 100
Miami, Florida 33166-6732

FT. LAUDERDALE (305) 467-4618

Robert H. Gore Building
Suite 307
201 W. Broward Blvd.
Ft. Lauderdale, Florida 33301

ORLANDO (305) 423-6146

400 W. Robinson Street
Suite 512
P. O. Box 1031
Orlando, Florida 32801

TAMPA (813) 272-3911

Park Trammell Building
Suite 901
1313 Tampa Street
Tampa, Florida 33602

FLORIDA PUBLIC SERVICE COMMISSION

NARUC COMMITTEES

Florida Representatives

EXECUTIVE COMMITTEE	John R. Marks, III
COMMUNICATIONS	John R. Marks, III
ELECTRICITY	Michael Wilson
ENERGY CONSERVATION	Katie Nichols
FINANCE & TECHOLOGY	Gerald L. Gunter
WATER	John T. Herndon

Staff Subcommittees

EXECUTIVES DIRECTORS	David L. Swafford
COMMUNICATIONS	Walter D'Haeseleer
CONSUMER AFFAIRS	George B. Hanna
COST ALLOCATION	Timothy J. Devlin
ELECTRICITY	Joseph D. Jenkins
ENERGY CONSERVATION	Joseph McCormick
ACCOUNTS	Timothy J. Devlin
COMPUTERS	Margaret Perry
ECONOMICS	Mary Bane
ENGINEERING	Walter D'Haeseleer
FINANCE	Steven F. Clinger
GAS	C. Edward Mills
PUBLIC INFORMATION	Bill Gibson
WATER	Dale A. Knapp

CASE ACTIVITY 1981 - 1985

	Cases Docketed Calendar Year	Cases Pending January	Cases Active During Year	Cases Pending December	Number Closed	Orders Issued
1981	485	416	918	416	502	791
1982	555	442	990	505	485	982
1983	601	505	1130	482	648	1318
1984	488	482	970	377	593	1179
1985	1136*	377	1513	638	875	1623

*Includes 10 cases reopened

Case Activity Statistics -- January 1985 - December 1985

END OF ---	JAN. 1985	FEB. 1985	MAR. 1985	APR. 1985	MAY 1985	JUNE 1985	JULY 1985	AUG. 1985	SEPT. 1985	OCT. 1985	NOV. 1985	DEC. 1985
All Cases Beg. Pd.	377	373	372	361	352	406	408	491	593	560	512	561
New Cases	49	32	32	44	82	56	134	148	93	138	132	186
Restored Cases	0	0	1	2	0	0	1	0	1	1	1	3
Closed Cases (subtract)	53	33	44	55	28	54	52	46	127	187	84	112
All Cases End Pd.	373	372	361	352	406	408	491	593	560	512	561	638
Active	290	292	285	278	330	331	412	517	483	446	488	559
Monitor	51	51	48	49	54	54	54	51	57	45	49	56
Litigation	22	20	20	20	16	15	15	15	10	11	13	12
Conservation	10	9	8	5	6	8	10	10	10	10	11	11
TOTAL	373	372	361	352	406	408	491	593	560	512	561	638

CONSUMER AFFAIRS DEPARTMENT
1985 COMPLAINT ACTIVITY

TELEPHONE INDUSTRY

	Complaints Logged							Justification			
	Service	Billing or Rates	Other	1985 Total	1984 Total	% Change	Complaints per 1000 Customers	Yes	No	Some	Total Closed
ALLTEL	52	19	7	78	82	(12)	1.893	35	18	20	73
AT&T	40	129	24	193	236	(18)		116	67	27	210
CENTRAL	77	35	9	114	145	(21)	.693	45	50	20	115
CONTINENTAL	13	6	3	22	30	(27)	.976	4	12	9	25
FLORALA	1	1	1	3	3		2.044	1	2		3
GENERAL	691	100	85	876	941	(7)	.673	493	233	140	866
GULF				0	2	(100)	-				-
INDIANTOWN	1			1	0		.609	1			1
N.E. FLORIDA	4	1		5	7	(29)	1.156	1	3	2	6
QUINCY	6	2		8	6	33	1.077	1	6	2	9
RESELLERS	29	241	33	303	129	135	-	200	39	26	265
ST.JOSEPH	17		1	18	27	(33)	1.024	6	6	6	18
SOUTHERN BELL	1151	439	260	1850	2631	(30)	.564	665	851	402	1918
SOUTHLAND	2		1	3	2	50	1.220	1	1	1	3
UNITED	259	49	36	344	386	(11)	.489	185	91	74	350
INDUSTRY TOTAL	2336	1022	460	3818	4627	(18)		1754	1379	729	3862
PERCENTAGES	61%	27%	12%					46%	35%	19%	

() Notes decrease

CONSUMER AFFAIRS DEPARTMENT
1985 COMPLAINT ACTIVITY

GAS INDUSTRY

	Complaints Logged							Justification			
	Service	Billing or Rates	Other	1985 Total	1984 Total	% Change	Complaints per 1000 Customers	Yes	No	Some	Total Closed
CENTRAL	1	1		2	1	50	.463	2			2
CITY	14	57	19	90	92	(2)	1.285	20	47	19	86
FLA PUB UTIL	3	3	3	9	18	(50)	.286	4	4	3	11
GAINESVILLE	1	3		4	4		.256	2	2		4
GULF	1	5		6	5	20	.361	3	1	1	5
MILLER		5	3	8	6	33	1.659	2	6		8
PEOPLES	47	71	20	138	190	(27)	.915	42	76	25	143
SEACOAST											
ST. JOSEPH		1	1	2	4	(50)	.522	1		1	2
SOUTHERN		1		1			.320			1	1
SOUTH FLORIDA					1	(100)					
TIMBERLAND											
INDUSTRY TOTAL	67	147	46	260	321	(19)		76	136	50	262
PERCENTAGES	26%	56%	18%					29%	52%	19%	

() Notes decrease

CONSUMER AFFAIRS DEPARTMENT
1985 COMPLAINT ACTIVITY

Electric and Water & Sewer Industries

	Complaints Logged							Justification			
	Service	Billing or Rates	Other	1985 Total	1984 Total	% Change	Complaints per 1000 Customers	Yes	No	Some	Total Closed
FLORIDA POWER CORP	103	88	41	232	274	(15)	.279	55	149	26	230
FLORIDA POWER & LIGHT	582	1051	364	1997	2045	(2)	.868	492	1207	324	2023
FLORIDA PUBLIC UTILITIES		2		2	5	(60)	.116		2		2
GULF POWER COMPANY	46	28	6	80	75	20	.368	14	47	16	77
TAMPA ELECTRIC COMPANY	63	97	31	191	226	(16)	.564	37	101	52	190
ELECTRIC INDUSTRY TOTAL	794	1266	442	2502	2625	(5)		598	1506	418	2522
PERCENTAGES	32%	50%	18%					34%	60%	16%	
WATER AND SEWER	101	104	27	232	243	(5)		76	99	50	225
PERCENTAGES	43%	45%	12%					34%	44%	22%	
TOTAL - PAGES 1-3	3298	2539	975	6812	7816	(13)		2504	3120	1247	6871
PERCENTAGES	49%	37%	14%					37%	45%	18%	
OTHER COMPLAINTS				38,497	47,891	(20)					

() Notes decrease

SUMMARY

Company & Headquarters	Number of Florida Exchanges	Florida Access Lines	Percent of State Total	Access Line Percent Growth From Previous Year
1. ALLTEL, Florida, Inc. (formerly N. Fla., Live Oak, Fl)	27	43,239	.74	4.95
2. Central Telephone Company of Florida Tallahassee, Florida	20	175,915	3.01	6.99
3. Continental Telephone Company of the South Marianna, Florida	15	23,652	.41	4.94
4. Continental Telephone Company of the South-Georgia Thomaston, Georiga	1	58	.001	1.75
5. Florala Telephone Company Florala, Alabama	2	1,494	.03	1.84
6. General Telephone Company of Florida Tampa, Florida	24	1,366,686	23.41	5.00
7. Gulf Telephone Company Perry, Florida	2	6,248	.11	1.61
8. Indiantown Telephone System, Inc. Indiantown, Florida	1	1,657	.023	1.04
9. Northeast Florida Telephone Company Macclenny, Florida	2	4,461	.08	3.22

SUMMARY

Company & Headquarters	Number of Florida Exchanges	Florida Access Lines	Percent of State Total	Access Line Percent Growth From Previous Year
10. Quincy Telephone Company Quincy, Florida	3	8,109	.14	9.18
11. St. Joseph Telephone & Telegragh Company Port St. Joe, Florida	14	18,124	.31	3.11
12. Southern Bell Telephone and Telegraph Company Miami, Florida	102*	3,427,563	58.71	4.49
13. Southland Telephone Company Atmore, Alabama	3	2,548	.00002	3.62
14. United Telephone Company of Florida Altamonte Springs, Florida	68	755,589	12.94	7.53
15. Vista-United Telecommunications Lake Buena Vista, Florida	1	2,342	.04	13.91
TOTAL	284	5,837,685	***	5.1

* Number includes South Central Bell's Century Exchange.
** Less than .1%.
*** Does not equal 100 percent due to rounding.

LONG DISTANCE COMPANIES

	Facilities Carrier	Reseller	Shared Tenant	TOTAL
Certificated Companies	8	45	2	55
Authorization Effective in 1984	3	10	0	13
Authorization Effective in 1985	2	7	2	11
Approved in 1985 Effective in 1986	1	1	2	4
Certificates to be cancelled	0	4	0	4
Pending Applications Filed in 1985	0	3	1	4

INVESTOR-OWNED
ELECTRIC UTILITIES
GROWTH AND USE STATISTICS
DECEMBER 31, 1985

UTILITY	Residential Consumption for 1985	Gain in Average Residential Consumption	Customers as of Dec.31,1985	Gain in Residential Customers	Residential Revenues for 1985	Percent Gain in Residential Revenues	Average Residential Revenue Per KWH Sold	Total Retail Operating Revenue	Percent Increase In Total Retail Operating Revenue
FLORIDA POWER & LIGHT COMPANY	10,980	4.4%	2,383,376	3.7%	$2,282,963,812	12.3%	$.0893	$4,165,737,989	11.0%
FLORIDA POWER CORPORATION	10,940	2.8%	862,852	4.0%	$720,352,692	12.1%	$.0785	$1,255,393,414	9.3%
TAMPA ELECTRIC COMPANY	12,571	3.1%	353,538	4.6%	$324,601,413	9.3%	$.0749	$716,499,323	5.9%
GULF POWER COMPANY	12,221	1.4%	227,845	4.9%	$186,615,458	7.0%	$.0681	$391,396,614	7.8%
FLORIDA PUBLIC UTILITIES									
Marianna Division	10,077	1.3%	7,956	.9%	$5,416,418	(2.4%)	$.0677	$13,257,809	(.6%)
Fernandina Beach Division	11,736	1.9%	7,298	4.7%	$6,854,731	6.5%	$.0814	$14,081,449	3.2%
REEDY CREEK UTILITIES CO.,INC.	28,233	6.6%	222	.0%	$390,150	3.7%	$.0625	$25,227,384	2.2%

NOTE: ABOVE REVENUES INCLUDE FUEL. PARENTHESES DENOTE NEGATIVE AMOUNT.

FLORIDA INVESTOR OWNED ELECTRIC UTILITY PURCHASED FUEL COST
EXPRESSED IN DOLLARS PER UNIT AND CENTS PER KWH

	Heavy Oil		Light Oil		Coal		Natural Gas	
Year	$/Bbl	C/KWH	$/Bbl	C/KWH	$/Ton	C/KWH	$/Mcf	C/KWH
1974	11.10	1.79	12.27	3.60	16.70	0.73	0.60	0.66
1975	11.58	1.87	12.76	3.74	23.39	1.02	0.74	0.81
1986	11.34	1.83	13.63	4.00	25.52	1.12	0.85	0.94
1977	13.27	2.14	15.00	4.40	29.38	1.29	0.88	0.97
178	12.30	1.98	15.49	4.54	34.63	1.52	1.04	1.14
1979	18.23	2.94	29.40	8.62	38.43	1.68	1.20	1.32
1980	23.36	3.77	33.23	9.74	42.61	1.86	1.31	1.44
1981	28.32	4.57	46.67	13.68	53.23	2.33	2.15	2.37
1982	27.73	4.47	51.27	15.03	56.69	2.48	2.21	2.43
1983	27.52	4.44	35.34	10.36	57.84	2.53	2.91	3.20
1984	29.39	4.74	34.57	10.13	57.02	2.49	3.43	3.77
1985	24.94	4.02	32.62	9.56	57.01	2.49	3.28	3.61

SOURCES: 1974-1980 FPC Form 423
1981-1985 Monthly Fuel Adjustment Filings

NOTES: MCF = Thousand Cubic Feet
1 barrel = 42 gallons
1 ton = 2,000 pounds (i.e., short tons)
Conversion to Cents/KWH based on a 10,000 BTU/KWH generating unit heat rate

INVESTOR-OWNED UTILITIES
TYPICAL ELECTRIC BILL COMPARISONS *
RESIDENTIAL SERVICE
DECEMBER 31, 1985

UTILITY	Minimum Bill or Customer Charge	KWH 100	250	500	750	1000	1500
FLORIDA POWER & LIGHT COMPANY	$5.65	$13.12	$24.32	$42.99	$61.65	$82.82	$125.16
FLORIDA POWER CORPORATION	$6.10	$13.26	$24.01	$41.91	$59.82	$77.72	$113.53
TAMPA ELECTRIC COMPANY	$7.00	$13.83	$24.06	$41.13	$58.19	$75.25	$109.38
GULF POWER COMPANY **	$6.25	$12.24	$21.23	$36.21	$51.18	$66.16	$96.12
FLORIDA PUBLIC UTILITIES COMPANY							
Marianna Division	$5.00	$11.18	$20.45	$35.90	$51.35	$66.80	$97.70
Fernandina Beach Division	$2.50	$10.13	$21.57	$40.64	$59.71	$78.78	$116.92
REEDY CREEK UTILITIES CO., INC.	$2.85	$8.95	$18.11	$33.36	$48.62	$63.87	$94.38

*Excluding Local Taxes / DECEMBER 1985 - FUEL COSTS ARE INCLUDED
**Summer/Winter Rates in effect - Winter Rates are shown

INVESTOR-OWNED
GAS UTILITIES
GROWTH AND USE STATISTICS
DECEMBER 31, 1985

UTILITY	Average Residential Consumption for 1985	Percent Gain in Average Residential Consumption	Residential Customers as of Dec.31,1985	Percent Gain in Residential Customers	Residential Revenues for 1985	Percent Gain in Residential Revenues	Average Residential Revenue Per KWH Sold	Total Retail Operating Revenue	Percent Increase In Total Retail Operating Revenue
CENTRAL FLORIDA GAS CORP.	365	(12.9%)	4,631	7.2%	$1,061,358	1.0%	$.6279	$19,402,349	1.1%
CITY GAS COMPANY OF FLORIDA	274	(5.5%)	70,573	(.1%)	$15,909,738	8.4%	$.8274	$41,833,018	5.8%
FLORIDA PUBLIC UTILITES	299	(4.8%)	31,188	(.7%)	$6,378,965	(1.4%)	$.6870	$25,876,807	(5.5%)
GAINESVILLE GAS COMPANY	400	(15.4%)	15,969	2.4%	$4,073,082	(2.9%)	$.6620	$13,404,639	.3%
GULF NATURAL GAS COMPANY	373	(22.2%)	17,872	5.9%	$3,925,924	(4.0%)	$.5916	$19,110,298	(3.6%)
INDIANTOWN GAS COMPANY	299	(6.5%)	516	2.8%	$90,074	(2.9%)	$.6013	$1,118,437	23.7%
MILLER GAS COMPANY	230	(5.9%)	4,726	(2.0%)	$1,129,454	(3.6%)	$.9623	$1,660,266	1.6%
PEOPLES GAS SYSTEM, INC.	254	(10.8%)	151,109	(1.2%)	$26,677,339	(7.9%)	$.7015	$202,848,621	(4.1%)
PLANT CITY NATURAL GAS CO.	272	10.0%	766	6.0%	$140,827	(15.6%)	$.7698	$2,678,143	3.9%
ST.JOE NATURAL GAS COMPANY	384	(11.1%)	2,207	2.7%	$393,483	(5.2%)	$.4623	$3,232,141	(3.7%)
SEACOST GAS COMPANY	190	(3.6%)	2,317	.0%	$457,600	.0%	$1.0400	$828,947	7.9%
SOUTHERN GAS COMPANY	250	(13.2%)	3,599	(6.0%)	$720,566	(7.0%)	$.8000	12,898,739	2.0%
SOUTH FLORIDA NATURAL GAS CO.	292	(10.5%)	3,122	.0%	$787,310	(8.3%)	$.8860	$1,976,066	(1.6%)

NOTE: ABOVE REVENUES INCLUDE FUEL. PARENTHESES DENOTE NEGATIVE AMOUNT.

INVESTOR-OWNED GAS UTILITIES
TYPICAL BILL COMPARISON *
RESIDENTIAL SERVICE
DECEMBER 31, 1985

UTILITY	Minimum Bill or Customer Charge	THERMS 10	20	30	40	50	75	100
CENTRAL FLORIDA GAS CORP.	$3.00	$8.61	$14.22	$19.82	$25.43	$31.04	$45.06	$59.08
CITY GAS COMPANY OF FLORIDA	$6.00	$11.46	$16.92	$22.39	$27.85	$33.31	$46.96	$60.62
FLORIDA PUBLIC UTILITIES	$4.00	$9.59	$15.19	$20.78	$26.37	$31.97	$45.95	$59.93
GAINESVILLE GAS COMPANY	$6.00	$11.22	$16.43	$21.65	$26.86	$32.08	$45.12	$58.16
GULF NATURAL GAS COMPANY	$4.00	$8.94	$13.87	$18.81	$23.74	$28.68	$41.02	$53.36
INDIANTOWN GAS COMPANY	$5.00	$8.49	$11.97	$15.46	$18.94	$22.43	$31.14	$39.86
MILLER GAS COMPANY	$6.00	$12.37	$18.73	$25.10	$31.47	$37.83	$53.75	$69.67
PEOPLES GAS SYSTEM, INC.	$3.00	$8.40	$13.80	$19.20	$24.60	$30.00	$43.49	$56.99
PLANT CITY NATURAL GAS CO.	$3.00	$8.84	$14.69	$20.53	$26.37	$32.22	$46.82	$61.43
ST.JOE NATURAL GAS COMPANY	$3.00	$5.88	$8.77	$11.65	$14.53	$17.42	$24.63	$31.83
SEACOAST GAS COMPANY	$5.00	$11.95	$18.90	$25.86	$32.81	$39.76	$57.14	$74.52
SOUTH FLORIDA NATURAL GAS CO.	$5.00	$11.49	$17.99	$24.48	$30.97	$37.47	$53.70	$69.93
SOUTHERN GAS COMPANY	$5.00	$10.32	$15.65	$20.97	$26.30	$31.62	$44.93	$58.24

*Excluding Local Taxes / DECEMBER 1985 - GAS COSTS ARE INCLUDED